

OUTSOURCING:

JUDGING THE FINALIST

How do I judge the finalists?

After your initial screening, it is time to break the competing vendors down into categories and to rate all contenders on specifics. Below you will find a checklist of concerns, each one of which has an impact on the effectiveness or efficiency of your information processing activity.

Computer Resources

1. Does the supplier have adequate computing capacity to accommodate your current and future requirements, including “peak” processing periods?
2. Has the vendor installed multiple computers, uninterruptible power supply systems, and backup generators to ensure continuity and reliability?
3. Is the vendor well established in the commercial sale of services, so that continued availability of these resources is assured?
4. Is outsourcing the supplier’s primary business (or) is the supplier’s business motive only to “sell off” excess time on an existing computer with “unused” capacity?

System Performance

5. Does the vendor establish and maintain proper system performance standards to insure adequate service to customers? Is service availability and response time closely monitored and recorded?
6. Does the vendor do long-range planning so that high performance standards will continue as business grows?

Software

7. Are all the latest languages and utilities available?
8. Are adequate application programs available? Applications software is expensive to purchase and maintain, a close “fit” in the selection process is important.
9. Can the vendor provide support and assistance to the customer using applications?

Telecommunications

10. Does the vendor have a nationwide network?
11. Is dial-up access to local nodes available from all user locations?
12. Are dedicated lines backed up with an auto-dial capability?
13. If needed, can the vendor supply high-speed leased lines and/or communications equipment?

Support

14. Is there a reliable customer support organization?
15. Is there an experienced migration team and procedure in place?
16. Is user training available at the data center and in your own office or facility?
17. Are customer start-up procedures established and documented?
18. Is there available support on an on-call basis? (e.g., 800 telephone support).
19. Is there on-going customer service support?
20. Is there adequate documentation of services available for users, and how is this information communicated to customer?

Cost

21. Does the supplier use current technology and large-scale computing equipment that offers the greatest cost-effectiveness?
22. What are the front-end cost commitments and recurring fixed costs?

23. Is competitive pricing available?
24. Will the vendor offer fixed price options in applicable customer situations?
25. Has competitive price performance been demonstrated?
26. What are the other costs to be incurred? (i.e., storage, communications, terminals, etc.).

Contract

27. What are the contract term commitments? Will the vendor enter into a long term contract commitment (3 to 5 years)?
28. Will the vendor provide flexible contract conditions?
29. What are the contract cost commitments?
 - A. Is there price protection over the term of the contract?
 - B. Are you protected against escalating costs?

References

30. Are customer references available?
31. What do these customers have to say about the service; vendor; actual support and value of the relationship?
32. Is there an adequate customer base available to provide references indicating a “solid” history of service.
33. Has the supplier provided processing services to other companies in your industry? If not, are the references in businesses having similar processing requirements?

July 3, 1990

Mr. John L. Cudworth
Vice President
Litton Computer Services
5490 Canoga Avenue
Woodland Hills, CA 91367

RECEIVED
JUL 5 1990
JOHN CUDWORTH

Dear John:

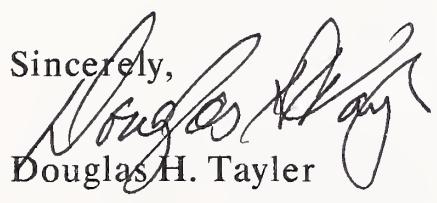
Thank you again for your prompt and thoughtful response to my questionnaire on outsourcing. The effort to provide an idea generating report for the information systems executive is progressing well and your help is greatly appreciated.

As I indicated INPUT would like the opportunity to include the checklist questionnaire, *Outsourcing - How Do I Judge the Finalists*, as an appendix to the forthcoming report. INPUT would publish the questionnaire without modification and would provide credit to Litton Computer Services within the report.

As I indicated the focus of this report, currently titled *Information Systems and Outsourcing - A Strategic Assessment*, is intended to help the IS executive consider outsourcing in a positive manner as a strategic tool in the 1990s. Your questionnaire would certainly add to the value of the report.

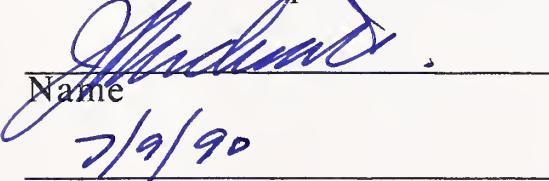
I would be pleased to answer any questions you may have, as would Denny Wayson. If Litton is in agreement please sign a copy of this letter and return it to INPUT, attention R. Dennis Wayson, Vice President. I thank you for your help.

Sincerely,


Douglas H. Tayler

Approval to Publish:

For Litton Computer Services


Name

7/9/90

Date

cc: R. Dennis Wayson

